

Message Text

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41

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 AF-10

ARA-11 EA-11 NEA-10 RSR-01 /220 W
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TO SECSTATE WASHDC 5276

INFO AMEMBASSY BONN

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EO 11652 NA

TAGS: ETRD, EEC

SUB: REVISION OF EC COMMISSION' S MEMORANDUM ON AN

OVERALL APPROACH TO THE MULTILATERAL TRADE NEGOTIATIONS

REF: (A) EC BRUSSELS 1958; (B) EC BRUSSELS 2899

SUMMARY: QUOTED BELOW ARE THE COMMISSION' S MAY 22
AMENDMENTS TO ITS DRAFT MEMORANDUM ON AN OVERALL APPROACH
TO THE MULTILATERAL TRADE NEGOTIATIONS. END SUMMARY.

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THE AMENDMENTS BELOW ARE KEYED TO THE COMMISSION'S
APRIL 4 NOTE TO THE COUNCIL, TEXT TRANSMITTED IN REFTEL A. REFTEL B
CONTAINS

A SUMMARY OF THE AMENDMENTS AND THE MISSION'S COMMENTS ON THEM.

THE AMENDMENTS ARE AS FOLLOWS: (THE FOLLOWING NUMBERED
PARAGRAPHS 1-12 REPLACE THE FIRST EIGHT INTRODUCTORY PARA-
GRAPHS IN REFTEL A ENDING AT THE LISTING OF CHAPTERS.)

QUOTE:

1. AT THEIR CONFERENCE FROM 19 TO 21 OCTOBER 1972 THE
HEADS OF STATE OR OF GOVERNMENT OF THE NINE MEMBER
STATES ACCOMPANIED THEIR PROGRAMME FOR STRENGTHENING
THE COMMUNITY WITH PRECISE DECLARATIONS CONCERNING THE
LATTER'S RESPONSIBILITIES AND TASKS IN THE FIELD
OF EXTERNAL RELATIONS. THUS, IN PARAGRAPH
5 OF THE PREAMBLE TO THE PARIS COMMUNIQUE THE COMMUNITY'S
RESOLVE TO PROMOTE THE DEVELOPMENT OF INTERNATIONAL TRADE IS
REAFFIRMED. " THIS RESOLVE IS EXTENDED TO ALL COUNTRIES
WITHOUT EXCEPTION. THE COMMUNITY IS PREPARED, OPENMINDEDLY
AS IT HAS ALREADY PROVED AND IN LINE WITH THE IMF AND
GATT PROCEDURES, TO ENTER AS SOON AS POSSIBLE INTO
NEGOTIATIONS BASED ON THE PRINCIPLE OF RECIPROCITY,
WHICH WILL ALLOW STABLE AND BALANCED ECONOMIC RELATIONS
TO BE ACHIEVED IN MONETARY AFFAIRS AND TRADE AND WHERE
THE INTERESTS OF THE DEVELOPING COUNTRIES MUST
RECEIVE FULL CONSIDERATION."

2. IN THIS CONNECTION, IT SHOULD BE POINTED OUT THAT THE
ESTABLISHMENT OF THE EEC, FAR FROM CONSTITUTING A
HANDICAP TO THE DEVELOPMENT OF INTERNATIONAL TRADE, HAS,
ON THE CONTRARY, CAUSED A VAST EXPANSION OF TRADE
BOTH WITHIN WESTERN EUROPE AND WITH OTHER PARTS OF THE
WORLD. ITS EXISTENCE HAS, MOREOVER, MADE IT EASIER TO
OBTAIN, AND PERHAPS EVEN ENSURED, A SUCCESSFUL CON-
CLUSION TO THE FAR- REACHING MULTILATERAL TRADE NEGOTIATIONS
WITHIN THE FRAMEWORK OF THE GATT.

3. THE GATT SYSTEM, WHICH HAD FREED THE POST- WAR WORLD
FROM THE ARBITRARINESS OF PURELY NATIONAL TRADING
POLICIES, HAD BECOME BLOCKED BY THE LIMITATIONS INHERENT
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IN THE FACT THAT A GREAT MANY SMALL AND MEDIUM- SIZED PARTNERS
WERE CONFRONTED BY A MUCH STRONGER ONE. THE PRINCIPLE THAT
ALL WERE EQUAL- EXPRESSED IN THE MOST FAVOURED NATION RULE
- CONTRASTED TOO SHARPLY WITH THE ACTUAL INEQUALITY IN TERMS
OF IMPORTANCE AND THEREFORE, OF COMMERCIAL POTENTIAL. HENCE
THE MOVEMENT TOWARDS FREE TRADE AREAS AND CUSTOMS UNIONS.

4. FOLLOWING THE ESTABLISHMENT OF THE EEC, THE INDUSTRIALIZED NATIONS- AND AMONGST THEM PARTICULARLY EUROPE AND THE UNITED STATES- AGREED TO MUTUAL REDUCTIONS IN TRADE BARRIERS, WITHIN STILL MODEST LIMITS IN THE DILLON ROUND, BUT ON AN UNPRECEDENTED SCALE AFTER THE UNITED STATES CONGRESS PASSED THE TRADE EXPANSION ACT (KENNEDY ROUND). THE COMMUNITY EMERGED FROM THESE NEGOTIATIONS WITH THE LOWEST CUSTOMS TARIFF OF ANY OF THE MAJOR TRADING POWERS, AMOUNTING TO HARDLY MORE THAN HALF THE AVERAGE OF THE ORIGINAL TARIFFS OF ITS MEMBER STATES.

5. THIS VAST MOVEMENT OF LIBERALIZATION AND ALMOST UNINTERRUPTED ECONOMIC EXPANSION WITHIN THE COMMUNITY HAVE MADE POSSIBLE A REMARKABLE EXPANSION OF ITS INTERNATIONAL TRADE. THIS IN TURN HAS PROVIDED THE BASIS FOR A HIGH AND STABLE LEVEL OF EMPLOYMENT AND THE RISE IN THE STANDARD OF LIVING OF RECENT YEARS.

6. FOR THE ENLARGED COMMUNITY, AS FOR THE " SIX", INTERNATIONAL TRADE CONSTITUTES AN ESSENTIAL AND INCREASINGLY IMPORTANT ELEMENT OF ECONOMIC DEVELOPMENT. WHAT IS AT ISSUE THEREFORE IS THAT THE POLICY OF TRADE LIBERALIZATION TO WHICH THE ORIGINAL COMMUNITY CONTRIBUTED SO MUCH SHOULD BE CONFIRMED AND FURTHER PURSUED. IN THIS CONTEXT THE COMMUNITY IS AWARE THAT IT ACCEPTS CERTAIN RESPONSIBILITIES OF ITS OWN AT THE INTERNATIONAL LEVEL, BOTH TOWARDS OTHER INDUSTRIALIZED COUNTRIES AND TOWARDS THE DEVELOPING COUNTRIES. IT EXPECTS ITS PARTNERS TO APPROACH THE NEGOTIATIONS IN THE SAME SPIRIT AND WITH THE SAME CONCERN TO ESTABLISH STABLE AND BALANCED ECONOMIC RELATIONS.

7. THIS NOTED DEALS ONLY WITH THE TRADE NEGOTIATIONS, ON LIMITED OFFICIAL USE

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THE ASSUMPTION THAT ADEQUATE MACHINERY WILL BE DEVELOPED IN THE MONETARY FIELD TO ENSURE FOR THE LONG TERM THE BALANCE AND STABILITY THAT ARE ESSENTIAL. IT SHOULD BE EMPHASIZED THAT INTERNATIONAL MEASURES IN THE FIELD OF TRADE ON THE SCALE CONTEMPLATED WOULD BE PLACED IN SERIOUS JEOPARDY UNLESS MEANS WERE FOUND TO PROTECT THE WORLD ECONOMY FROM MONETARY UPEHAVALS AND IMBALANCES SUCH AS THOSE WHICH HAVE OCCURRED RECENTLY.

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TAGS: ETRD, EEC

SUBJ: REVISION OF EC COMMISSION' S MEMORANDUM ON AN

OVERALL APPROACH TO THE MULTILATERAL TRADE

NEGOTIATIONS

8. IF THE DEFECTS OF THE MONETARY SYSTEM CAN NOT BE
PUT RIGHT BY MEASURES IN THE COMMERCIAL FIELD, NEITHER CAN
A POLICY OF WORLD TRADE LIBERALIZATION BE SUCCESSFULLY
PURSUED UNLESS JOINT EFFORTS ARE MADE TO SET UP AN

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ADEQUATE MONETARY SYSTEM.

9. EVEN BEFORE ENLARGEMENT, THE COMMUNITY HAD EXPRESSED
THE POLITICAL WILL TO UNDERTAKE WIDE- RANGING TRADE

NEGOTIATIONS WITH ITS PARTNERS. IN DECEMBER 1971 THE COUNCIL DECLARED THAT " THE COMMUNITY IS READY... TO TAKE PART IN GLOBAL NEGOTIATIONS ON THE BASIS OF MUTUAL ADVANTAGE AND RECIPROCITY AND REQUIRING AN EFFORT FROM ALL THE PARTICIPANTS". THIS WAS CONFIRMED BY THE " JOINT DECLARATION" ACCOMPANYING THE LIMITED AGREEMENT WITH THE UNITED STATES IN 1972, WHICH AFFIRMED THE NECESSITY TO " INITIATE AND ACTIVELY SUPPORT MULTI-LATERAL AND COMPREHENSIVE NEGOTIATIONS IN THE FRAMEWORK OF GATT"..., " CONDUCTED ON THE BASIS OF MUTUAL ADVANTAGE AND MUTUAL COMMITMENT WITH OVERALL RECIPROCITY".

10. IN OCTOBER 1972 THE SUMMIT CONFERENCE INVITED THE COMMUNITY INSTITUTIONS TO DEFINE A " GLOBAL APPROACH" TO THESE NEGOTIATIONS BY 1 JULY 1973, AND EXPRESSED THE HOPE THAT THEY COULD BE CONCLUDED BEFORE THE END OF 1975. HENCE, IT IS ESSENTIAL FOR ALL PARTNERS TO MAKE THE NECESSARY PREPARATION SO THAT THEY CAN ACTUALLY BEGIN NEGOTIATIONS IMMEDIATELY AFTER THE SUMMER OF THIS YEAR.

11. THE FOLLOWING CHAPTERS DEAL WITH THE FIELDS TO BE COVERED IN THE NEGOTIATIONS, AND WITH THE BROAD LINES TO BE FOLLOWED IN ORDER TO ACHIEVE RESULTS SATISFACTORY TO ALL PARTNERS.

12. THE COMMUNITY, FAITHFUL TO THE GUIDELINES LAID DOWN FOR ITS OWN DEVELOPMENT AND TO ITS OWN SPECIAL RESPONSIBILITIES, WILL TAKE PART IN THESE NEGOTIATIONS ON THE BASIS THAT THOSE ELEMENTS BASIC TO ITS UNITY, I. E. THE CUSTOMS UNION AND ITS COMMON POLICIES, IN PARTICULAR THE COMMON AGRICULTURAL POLICY, CANNOT BE CALLED IN QUESTION.

AMMENDMENTS TO THE CHAPTERS

13. (ADD TO THE END OF PARAGRAPH 8/ OF THE CHAPTER ON INDUSTRIAL CUSTOM TARIFFS:)
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THE POSSIBILITY OF NEGOTIATING, IN CERTAIN SECTORS, ON A BASIS COVERING BOTH TARIFFS AND NON- TARIFF BARRIERS WITH THE AIRM OF ACHIEVING A BALANCED RESULT SHOULD ALSO BE ENVISAGED.

14. (INSERT AT THE BEGINNING OF PARAGRAPH 1 OF THE AGRICULTURAL CHAPTER:)
THE PRINCIPLES OF THE COMMON AGRICULTURAL POLICY SHOULD NOT BE CALLED INTO QUESTION IN DEALING WITH THIS SECTOR.

15. (IN PARAGRAPH 2 OF THE AGRICULTURAL CHAPTER IN FIRST SENTENCE, INSERT " UNAVOIDABLY" INSTEAD OF " IN-SUCH AN OBJECTIVE CAN ONLY BE ACHIEVED BY MEANS OF A JOINT EFFORT BY ALL THE PRINCIPAL PARTNERS IN THE NEGOTIATIONS, WITHIN THE FRAMWORK OF THE THEIR OWN AGRICULTURAL POLICIES.

16. (REPLACE PARAGRAPH 3 OF THE AGRICULTURAL CHAPTER WITH THE FOLLOWING:) AS THE STRUCTURAL SITUATION IS AT THE ROOT OF MANY AGRICULTURAL PROBLEMS, IT IS IN THE INTEREST OF ALL NEGOTIATING PARTIES, IN ORDER TO ATTAIN THIS OBJECTIVE, TO INTENSIFY STRUCTURAL REFORMS SO THAT MARKETING POLICIES AND PRICE POLICIES ARE BASED TO A GREATER EXTENT ON ECONOMIC CONSIDERATIONS. A DECLARATION OF INTENT IN THIS FIELD MIGHT BE WORKED OUT, WITHOUT OF COURSE INFRINGING EACH PARTY' S RIGHT TO TAKE ITS OWN DECISIONS.

17. (INSERT BEFORE LAST SENTENCE OF PARAGRAPH 4 OF THE AGRICULTURAL CHAPTER:) SUCH AN ARRANGEMENT WOULD PRESUPPOSE AN ANALOGOUS EFFORT BY ALL MAJOR PARTIES TO THE NEGOTIATIONS.

18. (REPLACE PARAGRAPH 7 OF THE AGRICULTURAL CHAPTER WITH THE FOLLOWING:) THIS REORDERING OF WORLD MARKETS, ESPECIALLY WITH ADEQUATE ASSURANCES AS REGARDS STABILITY, WOULD MAKE IT POSSIBLE TO ADJUST CERTAIN ELEMENTS OF THE IMPORT SYSTEMS WITHIN A GENERAL FRAMEWORK IN WHICH OVERALL RECIPROCITY IS ACHIEVED.
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19. (REPLACE PARAGRAPH 8 OF THE AGRICULTURAL CHAPTER WITH THE FOLLOWING:) THE AIM OF ALL THESE MEASURES WOULD BE TO PROMOTE THE REGULAR EXPANSION OF TRADE, WITHIN THE FRAMEWORK OF EACH NEGOTIATING PARTY' S OWN AGRICULTURAL POLICIES. THE COMMUNITY, FOR ITS PART, WHILE HONOURING THE PRINCIPLES OF THE CAP, WOULD APPLY THE INSTRUMENTS OF THIS POLICY IN SUCH A WAY AS TO ENSURE THAT THE COMMITMENTS THUS UNDERTAKEN WERE RESPECTED.

20. (ADD AT THE END OF THE SAFEGUARD CHAPTER THE FOLLOWING:) ANY NEW PROCEDURES FOR APPLYING SUCH MEASURES MUST NOT HAVE THE SOLE EFFECT OF MAKING THE MECHANISM MORE FLEXIBLE BUT MUST AT THE SAME TIME LAY DOWN THE PRECISE CRITERIA FOR THEIR APPLICATION AND MUST STRENGTHEN THE MEANS FOR SUPERVISING THE USE OF SUCH MEASURES. UNQUOTE GREENWALD

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